



THE COMMITTEE ON ENERGY AND COMMERCE

INTERNAL MEMORANDUM

March 16, 2012

To: Members, Subcommittee on Oversight and Investigations

From: Subcommittee on Oversight and Investigations Staff

Subject: Hearing on “The Center for Consumer Information and Insurance Oversight and the Anniversary of the Patient Protection and Affordable Care Act”

On Wednesday, March 21, 2012, at 10:00 a.m. in room 2123 of the Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing entitled “The Center for Consumer Information and Insurance Oversight and the Anniversary of the Patient Protection and Affordable Care Act.” The hearing will examine the operations of the Center and its role in changing the health care system two years after the passage of the Patient Protection and Affordable Care Act (PPACA).

I. Witness

The hearing will have one witness.

Mr. Steve Larsen
Director
Center for Consumer Information and Insurance Oversight (CCIIO)
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services

II. Discussion

CCIIO was established to implement the provisions of PPACA that address private health insurance. The Subcommittee on Oversight and Investigations previously reviewed the work of CCIIO in February and April 2011 with the hearings “Health Care Issues Involving the Center for Consumer Information and Insurance Oversight” and “The PPACA’s High Risk Pool Regime: High Cost, Low Participation.”

CCIIO contains four main offices:

- The Office of Oversight: Oversees the new rules governing the insurance market and the rules regarding medical loss ratios, including insurance rate increase review.
- The Office of Insurance Programs: Administers PPACA's temporary high risk insurance plan and the Early Retiree Reinsurance Program.
- The Office of Health Insurance Exchanges: Writes the policies and rules for the health insurance exchanges.
- The Office of Consumer Support: Compiles and maintains the data providing insurance information and options to consumers available at healthcare.gov.

CCIIO is also responsible for the controversial [program](#) that granted waivers to over 1,200 entities which were either self-insuring, participating in multi-employer plans, or utilizing non-Taft Hartley union plans. CCIIO, also oversees the insurance carriers that provided those plans. PPACA prohibits group health plans and insurers from imposing lifetime or annual limits. For some insurance carriers, this prohibition on lifetime or annual limits would have raised the cost of maintaining the plans so drastically that the carriers would not have been able to continue offering the plans. Therefore, the waivers were necessary to prevent millions from facing either drastic premium increases or the loss of coverage. In 2011, CCIIO introduced a process for plans that had already received such waivers to extend the duration of the waivers through 2013.

The Office of Insurance Programs is responsible for two CCIIO programs: the temporary high risk insurance plan and the Early Retiree Reinsurance Program. This hearing will provide an opportunity to discuss the cost and enrollment in the high risk insurance plan, which [CCIIO announced last month](#) had reached 50,000 ([far below original estimates](#)). The Early Retiree Reinsurance Program was intended to last until 2014, but its budget has been depleted much more rapidly than originally estimated, and the program will certainly run out of money long before 2014. On February 17, 2012 CCIIO [reported](#) that the program had spent \$4.7 billion of the \$5 billion available.

On March 12, 2012, the Department of Health and Human Services published the final rule on the health insurance exchanges. These regulations are intended to provide guidance to the States on the establishment of exchanges, qualifying health plans for participation and determining the eligibility of individuals and businesses.

Finally, CCIIO is responsible for a number of PPACA's changes to the health insurance market, including changes to dependent coverage, the definition of a grandfathered health plan, new requirements for medical loss ratios, and the review of insurance rate increases.

III. Issues

The following issues will be examined at the hearing:

- How many companies and individuals are covered by the waivers from PPACA? What will happen when these waivers are no longer available?
- How many individuals have enrolled in the temporary high risk insurance pools and at what cost?
- When will the Early Retiree Reinsurance Program exhaust its funding? Which companies, unions, or States obtained the most funding?
- What has the reaction been to the final rule regarding the exchanges?

IV. Staff Contacts

If you have any questions regarding this hearing, please contact Sean Hayes, Counsel for the Subcommittee on Oversight and Investigations, at (202) 225-2927.